



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

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STATE TREASURER

**DATE:** December 16, 2015

**TO:** Ellen Jeffries, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency  
Senator Dave Hildenbrand, Chairperson, Appropriation Committee  
Representative Al Pscholka, Chairperson, Appropriation Committee  
Senator Jack Brandenburg, Chairperson, Finance Committee  
Representative Jeff Farrington, Chairperson, Tax Policy Committee

**FROM:** Heather S. Frick, Executive Director  
State Tax Commission

**SUBJECT:** Commercial Rehabilitation Act Exemption Report – 2014 & 2015 Tax  
Years

Please find attached one copy of the Commercial Rehabilitation Act Exemption Report for both the 2014 and 2015 tax years. This report is required by Public Act 210 of 2005, the Commercial Rehabilitation Act. Section 15 of the Act provides, in part, as follows:

- (1) The department annually shall prepare and submit to the committees of the house of representatives and senate responsible for tax policy and economic development issues a report on the utilization of commercial rehabilitation districts, based on the information filed with the commission

Attachment

cc: Tom Saxton, Chief Deputy Treasurer  
Wayne Workman, Deputy Treasurer of Local Government Services  
Howard Ryan, Legislative Liaison  
Ed Koryzno, Director, Bureau of Local Government Services  
Larry Steckelberg, Administrator, Property Services Division

# Michigan Department of Treasury Commercial Rehabilitation Act Exemption Report

## 2014 & 2015 Tax Years

### **Background:**

Public Act 210 of 2005, as amended, the Commercial Rehabilitation Act provides for property tax exemptions of commercial, multifamily residential and qualified retail food establishment properties, excluding land, which are rehabilitated and meet the requirements of the Act. Exemptions are approved for a term of 1-10 years, as determined by the unit of local government.

There are two parts to the calculation of taxes owed on a Commercial Rehabilitation Act exemption certificate. The first part of the tax calculation is based on the taxable value for the tax year immediately preceding the effective date of the exemption certificate, which is taxed against the full millage rates levied. The taxable value for the year immediately preceding the effective date of the exemption certificate is frozen for the duration of the exemption certificate, as issued by the State Tax Commission. The second part of the tax calculation is based on the current, also known as post-rehab, taxable value of the property which is taxed against only the school operating and State Education Taxes millage rates levied.

Applications are filed, reviewed, and approved by the unit of local government, with the State Tax Commission responsible for final approval and issuance of exemption certificates. For the 2014 and 2015 tax years, there were 34 and 38 units of local government, respectively, participating in the program.

### **Activity:**

For the 2014 tax year, there were 63 properties receiving an exemption. (See Table 1.) It is estimated through data provided by the unit of local government assessor's office that these projects have resulted in a total of 761 construction jobs created, 1,994 existing jobs being retained, and 695 new jobs have been created. These properties had a combined frozen taxable value totaling \$16,941,203 for 2014. These properties had a combined current taxable value totaling \$37,796,201 for 2014. The overall increase in taxable value for 2014 is \$20,854,998. (See Table 2.)

For the 2015 tax year, there were 74 properties receiving an exemption. (See Table 1.) It is estimated through data provided by the unit of local government assessor's office that these projects have resulted in a total of 1,418 construction jobs created, 705 existing jobs being retained, and 562 new jobs have been created. These properties had a combined frozen taxable value totaling \$19,318,615 for 2015. These properties had a combined current taxable value totaling \$50,505,562 for 2015. The overall increase in taxable value for 2015 is \$31,186,947. (See Table 2.)

**Michigan Department of Treasury  
Commercial Rehabilitation Act Exemption Report**

**2014 & 2015 Tax Years**

**Table 1  
Exemptions and Jobs**

|                        | <b>2014<br/>Exemptions</b> | <b>2015<br/>Exemptions</b> | <b>2014<br/>Construction<br/>Jobs</b> | <b>2015<br/>Construction<br/>Jobs</b> | <b>2014 Jobs<br/>Created</b> | <b>2015 Jobs<br/>Created</b> | <b>2014 Jobs<br/>Retained</b> | <b>2015 Jobs<br/>Retained</b> |
|------------------------|----------------------------|----------------------------|---------------------------------------|---------------------------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
| Village of Almont      | 3                          | 3                          | 0                                     | 0                                     | 0                            | 0                            | 0                             | 0                             |
| City of Alpena         | 2                          | 3                          | 35                                    | 85                                    | 27                           | 45                           | 17                            | 17                            |
| City of Auburn Hills   | 1                          | 1                          | 25                                    | 25                                    | 0                            | 0                            | 65                            | 65                            |
| City of Au Gres        | 1                          | 3                          | 6                                     | 0                                     | 5                            | 0                            | 8                             | 0                             |
| Village of Baroda      | 2                          | 2                          | 0                                     | 0                                     | 0                            | 0                            | 0                             | 0                             |
| City of Battle Creek   | 1                          | 1                          | 0                                     | 0                                     | 13                           | 2                            | 33                            | 33                            |
| City of Bay City       | 1                          | 1                          | 0                                     | 0                                     | 0                            | 0                            | 0                             | 0                             |
| City of Benton Harbor  | 1                          | 1                          | 200                                   | 0                                     | 400                          | 0                            | 1,600                         | 0                             |
| Township of Big Rapids | 1                          | 1                          | 62                                    | 62                                    | 30                           | 30                           | 11                            | 15                            |
| Township of Calumet    | 1                          | 1                          | 16                                    | 5                                     | 24                           | 1                            | 0                             | 1                             |
| Township of Clam Lake  | 2                          | 2                          | 13                                    | 13                                    | 5                            | 5                            | 5                             | 5                             |
| Township of Delta      | 1                          | 1                          | 0                                     | 0                                     | 0                            | 0                            | 0                             | 0                             |
| City of Detroit        | 12                         | 13                         | 0                                     | 0                                     | 0                            | 0                            | 0                             | 0                             |
| Township of DeWitt     | 3                          | 3                          | 42                                    | 42                                    | 2                            | 2                            | 7                             | 7                             |
| City of Flint          | 2                          | 2                          | 0                                     | 0                                     | 0                            | 0                            | 0                             | 0                             |

**Michigan Department of Treasury  
Commercial Rehabilitation Act Exemption Report**

**2014 & 2015 Tax Years**

|                        | <b>2014<br/>Exemptions</b> | <b>2015<br/>Exemptions</b> | <b>2014<br/>Construction<br/>Jobs</b> | <b>2015<br/>Construction<br/>Jobs</b> | <b>2014 Jobs<br/>Created</b> | <b>2015 Jobs<br/>Created</b> | <b>2014 Jobs<br/>Retained</b> | <b>2015 Jobs<br/>Retained</b> |
|------------------------|----------------------------|----------------------------|---------------------------------------|---------------------------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
| City of Flushing       | 1                          | NA                         | 0                                     | NA                                    | 0                            | NA                           | 0                             | NA                            |
| City of Gladwin        | 1                          | 1                          | 118                                   | 118                                   | 21                           | 21                           | 33                            | 33                            |
| City of Grandville     | 1                          | 1                          | 0                                     | 0                                     | 0                            | 0                            | 0                             | 20                            |
| City of Harrison       | 1                          | 1                          | 10                                    | 10                                    | 6                            | 6                            | 6                             | 6                             |
| City of Hillsdale      | 6                          | 6                          | 40                                    | 40                                    | 17                           | 31                           | 87                            | 91                            |
| Township of Inverness  | 1                          | 1                          | 100                                   | 100                                   | 8                            | 8                            | 29                            | 29                            |
| City of Jonesville     | 1                          | 1                          | 0                                     | 0                                     | 0                            | 0                            | 34                            | 0                             |
| City of Livonia        | 1                          | 1                          | 0                                     | 0                                     | 0                            | 0                            | 0                             | 0                             |
| Village of Mancelona   | 1                          | 1                          | 0                                     | 0                                     | 0                            | 0                            | 0                             | 0                             |
| City of Marlette       | 1                          | 1                          | 0                                     | 40                                    | 0                            | 80                           | 0                             | 80                            |
| City of Milan          | 1                          | 1                          | 0                                     | 0                                     | 0                            | 0                            | 0                             | 0                             |
| City of Muskegon       | 3                          | 4                          | 21                                    | 52                                    | 16                           | 38                           | 6                             | 6                             |
| Township of Niles      | 1                          | 1                          | 25                                    | 25                                    | 20                           | 20                           | 20                            | 20                            |
| City of Novi           | 1                          | 1                          | 0                                     | 485                                   | 37                           | 42                           | 0                             | 0                             |
| Township of Plainfield | 1                          | 1                          | 20                                    | 20                                    | 7                            | 7                            | 15                            | 15                            |
| City of Reed City      | 2                          | 2                          | 0                                     | 0                                     | 45                           | 11                           | 11                            | 45                            |
| City of St. Johns      | 3                          | 3                          | 22                                    | 22                                    | 12                           | 13                           | 7                             | 7                             |

**Michigan Department of Treasury  
Commercial Rehabilitation Act Exemption Report**

**2014 & 2015 Tax Years**

|                        |           |           |            |              |            |            |              |            |
|------------------------|-----------|-----------|------------|--------------|------------|------------|--------------|------------|
| Township of Washington | 1         | 1         | 0          | 0            | 0          | 39         | 0            | 39         |
| City of Whitehall      | 1         | 1         | 6          | 15           | 0          | 0          | 0            | 20         |
| <b>Total</b>           | <b>63</b> | <b>74</b> | <b>761</b> | <b>1,418</b> | <b>695</b> | <b>562</b> | <b>1,994</b> | <b>705</b> |

**Michigan Department of Treasury  
Commercial Rehabilitation Act Exemption Report**

**2014 & 2015 Tax Years**

**Table 2  
Frozen and Current Value**

|                        | <b>2014 Frozen<br/>Taxable Value</b> | <b>2014 Current<br/>Taxable Value</b> | <b>Net<br/>Increase (Loss)</b> | <b>2015 Frozen<br/>Taxable Value</b> | <b>2015 Current<br/>Taxable Value</b> | <b>Net<br/>Increase (Loss)</b> |
|------------------------|--------------------------------------|---------------------------------------|--------------------------------|--------------------------------------|---------------------------------------|--------------------------------|
| Village of Almont      | \$1,132,900                          | \$245,000                             | (\$887,900)                    | \$1,133,039                          | \$1,132,900                           | (\$139)                        |
| City of Alpena         | \$230,900                            | \$837,466                             | \$606,566                      | \$230,900                            | \$865,233                             | \$634,333                      |
| City of Auburn Hills   | \$1,147,740                          | \$950,040                             | (\$197,700)                    | \$1,147,740                          | \$826,820                             | (\$320,920)                    |
| City of Au Gres        | \$53,209                             | \$151,700                             | \$98,491                       | \$53,209                             | \$152,400                             | \$99,191                       |
| Village of Baroda      | \$39,424                             | \$83,200                              | \$43,776                       | \$39,424                             | \$83,200                              | \$43,776                       |
| City of Battle Creek   | \$24,493                             | \$367,100                             | \$342,607                      | \$24,493                             | \$367,100                             | \$342,607                      |
| City of Bay City       | \$39,250                             | \$769,600                             | \$730,350                      | \$39,250                             | \$1,873,813                           | \$1,834,563                    |
| City of Benton Harbor  | \$960,146                            | \$10,542,101                          | \$9,581,955                    | \$177,697                            | \$15,474,057                          | \$15,296,360                   |
| Township of Big Rapids | \$83,900                             | \$83,900                              | \$0                            | \$83,900                             | \$83,900                              | \$0                            |
| Township of Calumet    | \$113,800                            | \$135,000                             | \$21,200                       | \$135,000                            | \$135,000                             | \$0                            |
| Township of Clam Lake  | \$230,900                            | \$70,900                              | (\$160,000)                    | \$230,900                            | \$94,600                              | (\$136,300)                    |
| Township of Delta      | \$2,495,800                          | \$3,709,716                           | \$1,213,916                    | \$2,495,800                          | \$2,495,800                           | \$0                            |
| City of Detroit        | \$3,728,427                          | \$9,711,369                           | \$5,982,942                    | \$5,193,294                          | \$13,469,076                          | \$8,275,782                    |
| Township of DeWitt     | \$138,700                            | \$111,900                             | (\$26,800)                     | \$124,800                            | \$87,736                              | (\$37,064)                     |
| City of Flint          | \$501,200                            | \$501,200                             | \$0                            | \$501,200                            | \$501,200                             | \$0                            |

**Michigan Department of Treasury  
Commercial Rehabilitation Act Exemption Report**

**2014 & 2015 Tax Years**

|                        | <b>2014 Frozen<br/>Taxable Value</b> | <b>2014 Current<br/>Taxable Value</b> | <b>Net<br/>Increase (Loss)</b> | <b>2015 Frozen<br/>Taxable Value</b> | <b>2015 Current<br/>Taxable Value</b> | <b>Net<br/>Increase (Loss)</b> |
|------------------------|--------------------------------------|---------------------------------------|--------------------------------|--------------------------------------|---------------------------------------|--------------------------------|
| City of Flushing       | \$435,200                            | \$599,500                             | \$164,300                      | NA                                   | NA                                    | NA                             |
| City of Gladwin        | \$67,000                             | \$304,100                             | \$237,100                      | \$67,000                             | \$308,965                             | \$241,965                      |
| City of Grandville     | \$0                                  | \$0                                   | \$0                            | \$0                                  | \$0                                   | \$0                            |
| City of Harrison       | \$629,202                            | \$269,900                             | (\$359,302)                    | \$629,202                            | \$269,900                             | (\$359,302)                    |
| City of Hillsdale      | \$998,089                            | \$1,634,350                           | \$636,261                      | \$998,089                            | \$1,359,389                           | \$998,089                      |
| Township of Inverness  | \$131,139                            | \$1,156,133                           | \$1,024,994                    | \$131,139                            | \$1,174,529                           | \$1,043,390                    |
| City of Jonesville     | \$48,692                             | \$58,851                              | \$10,159                       | \$20,596                             | \$50,389                              | \$29,793                       |
| City of Livonia        | \$466,500                            | \$466,500                             | \$0                            | \$466,550                            | \$466,550                             | \$0                            |
| Village of Mancelona   | \$17,600                             | \$58,000                              | \$40,400                       | \$144,700                            | \$133,100                             | (\$11,600)                     |
| City of Marlette       | \$0                                  | \$0                                   | \$0                            | \$569,781                            | \$569,781                             | \$0                            |
| City of Milan          | \$183,037                            | \$175,747                             | (\$7,290)                      | \$183,037                            | \$180,590                             | (\$2,447)                      |
| City of Muskegon       | \$1,846,500                          | \$87,000                              | (\$1,759,500)                  | \$1,884,000                          | \$182,792                             | (\$1,701,208)                  |
| Township of Niles      | \$89,700                             | \$89,700                              | \$0                            | \$330,185                            | \$330,185                             | \$0                            |
| City of Novi           | \$0                                  | \$3,777,100                           | \$3,777,100                    | \$0                                  | \$3,837,530                           | \$3,837,530                    |
| Township of Plainfield | \$668,100                            | \$596,600                             | (\$71,500)                     | \$424,700                            | \$596,600                             | \$171,900                      |
| City of Reed City      | \$228,455                            | \$77,228                              | (\$151,227)                    | \$228,455                            | \$306,016                             | \$77,561                       |
| City of St. Johns      | \$95,100                             | \$103,800                             | \$8,700                        | \$95,100                             | \$101,679                             | \$6,579                        |

**Michigan Department of Treasury  
Commercial Rehabilitation Act Exemption Report**

**2014 & 2015 Tax Years**

|                        |                     |                     |                     |                     |                     |                     |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Township of Washington | \$71,500            | \$71,500            | \$0                 | \$71,500            | \$282,100           | \$210,600           |
| City of Whitehall      | \$44,600            | \$0                 | (\$44,600)          | \$44,600            | \$6,900             | (\$37,700)          |
| <b>Total</b>           | <b>\$16,941,203</b> | <b>\$37,796,201</b> | <b>\$20,854,998</b> | <b>\$19,318,615</b> | <b>\$50,505,562</b> | <b>\$31,186,947</b> |